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ABSTRACT

Data from the Census Bureau's Current Population Surveys show that it is definitely worth, in economic terms, staying in school and earning a higher degree. This Brief examines the relationship between education and earning during the 1992 calendar year and demonstrates how the relationship has changed over the past 2 years. It also provides estimates of the total earnings adults are likely to accumulate over the course of their working lives. The more education adults received, the more money they made. Lifetime earnings estimates for seven educational levels demonstrate the large earnings differences that develop between educational levels over the long term. While high school dropouts could be expected to earn about $600,000 in 1992 dollars over a lifetime, completing high school could add about $200,000, and completing a bachelor's degree could add nearly another half million dollars. Such differences may become even more striking in the future, particularly if current trends in the consumer price index continue. Two graphs illustrate mean annual and lifetime earnings. (SLD)

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ED 388 706

Bureau of the Census

Statistical Brief

More Education Means Higher Career Earnings

Is it worth it to stay in school and earn a higher degree? As data from the Census Bureau's Current Population Survey show, the answer is a resounding yes!

This Brief examines the relationship between education and earnings during the 1992 calendar year; it also demonstrates how the relationship has changed over the last two decades. Additionally, it provides estimates (by level of education) of the total earnings adults are likely to accumulate over the course of their working life.

You'll see that more education means greater earnings over a year's time; over the length of one's working life, these differences become enormous. Moreover, this relationship between earnings and education is now even stronger than it was back in the 1970's.

We're more educated than ever.

In 1993, about four-fifths of American adults aged 25 and over had at least completed high school; over one in five had a Bachelor's degree or higher. Both figures are all-time highs.

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Professional degree holders have the highest earnings.

Adults aged 18 and over who worked sometime during 1992 earned an average of $23,227 that year. But this average masked the fact that the more education they received, the more money they made. (See graph below.) Earnings ranged from $12,809 for high school dropouts to $74,560 for those with professional degrees (such as M.D.'s and J.D's).

Earnings differences compound over one's lifetime.

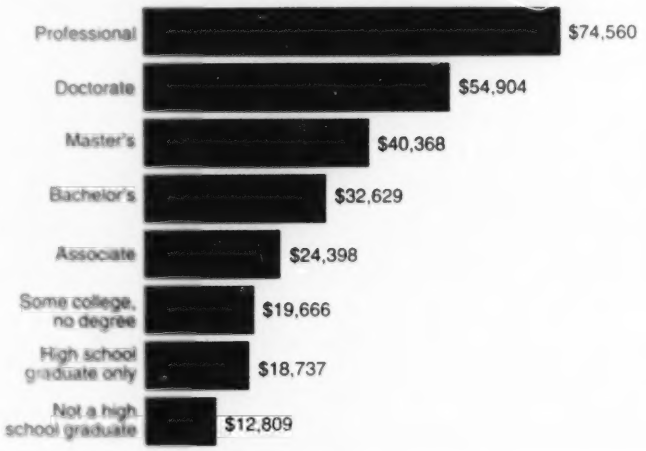
Using 1992 data, we estimated the earnings a person would accrue over a typical "worklife." Here's how we did it. First, we defined a worklife as lasting from ages 25 to 64 — a 40-year period. Then we began our calculations.

We started with high school dropouts. We took the 1992 mean earnings figure for persons of this group who were aged 25 to 34 and multiplied it by 10. The same thing was done for those aged 35-44, 45-54, and 55-64. Then, the four 10-year totals were added up. The result was an estimated lifetime earnings total for high school dropouts. This process was then repeated for each of the other seven educational levels.

These estimates dramatically illustrate the large earnings differences

Education Continues to be the Ticket to Higher Earnings

Mean annual earnings for persons aged 18 and over, by level of education: 1992



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that develop between educational levels over the long term. As the graph below shows —

- High school dropouts would make (in 1992 dollars) around $600,000 during their lifetime.
- Completing high school would mean about another $200,000.
- Persons who attended some college (but did not earn a degree) might expect lifetime earnings in the $1 million range.
- You could tack on nearly another one-half million dollars for holders of a Bachelor's degree.
- Doctorate and professional degree holders would do even better, at just over $2 million and $3 million, respectively.

Lifetime differences may become even more striking in the future.

These estimates of lifetime earnings assume that 1992 earnings levels will stay in effect throughout one's worklife. But the reality is that the value of the dollar continually changes. And recent history shows that the value of higher levels of education has risen faster than that of lower levels. When we compare 1975 and 1992 figures, we see that average earnings —

- Doubled for high school dropouts (from $6,014 to $12,809).
- Rose 2.5 times for those who were high school graduates only (from $7,536 to $18,737).
- Nearly tripled for holders of Bachelor's degrees (from $11,574 to $32,629).
- Tripled for those who held advanced degrees (from $15,619 to $48,653).

Keep in mind that in 1992 the consumer price index (which measures yearly changes in the value of the dollar) was 140, 2.5 times what it was in 1975. This means that the earnings of high school dropouts did not even keep up with inflation, and high school graduates just barely managed to keep pace. Real wages rose only for persons with education beyond the high school level. If these patterns continue, lifetime earnings differences between low and high levels of education will become even more dramatic than current levels indicate.

More information:

Several Census Bureau reports have information on the relationship between earnings and education. These include —

- *Educational Attainment in the United States: March 1993 and 1992*, Current Population Reports, Series P20-476. Stock No. 803-005-00077-0. $8.50.
- *What's It Worth? Educational Background and Economic Status: Spring 1990*, Current Population Reports, Series P70-32. Stock No. 803-044-00020-1. $3.50.
- *Money Income of Households, Families, and Persons in the United States: 1992*, Current Population Reports, Series P60-184. Stock No. 803-005-30031-5. $19.
- *Education in the United States*, Series 1990, CP-3-4. Stock No. 003-024-08742-1. $41.

To order any of these publications, call the U.S. Government Printing Office (202-512-1800).

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Go to College, Make a $Million

Estimates of worklife earnings, by level of education: 1992
(In thousands of dollars)